

## Memorandum

**TO:** HONORABLE MAYOR AND  
CITY COUNCIL

**FROM:** Ed Shikada  
Jim Helmer  
Jim McBride

**SUBJECT:** SEE BELOW

**DATE:** 11-12-04

Approved

Date

11-12-04

**SUBJECT: PROCUREMENT STRATEGY FOR THE NEW CITY HALL  
CONVERGED NETWORK.**

### RECOMMENDATION

Accept the Procurement Strategy Report that outlines the process to be used for selecting vendor(s) for the successful implementation of the New City Hall (NCH) Converged Network, and direct the City Manager to proceed with the procurement process and schedule as defined.

### BACKGROUND

On October 12, 2004 the City Council approved the selection of Gartner, Inc. to assist the City in preparing a new Converged Network Request for Proposals (RFP). These services were commissioned pursuant to City Council action on August 10 approving the Mayor's recommendation that the new RFP "...be based on outcomes, functions, service, and quality; identifies existing equipment and systems that must be integrated to achieve these results; and not specify vendors or product brands."

In keeping with this direction, Gartner has been assisting City staff not only to reissue an RFP, but to redo the entire procurement process for the converged network/telephony system in NCH. This entails starting at the stage at which the City's requirements are defined. This work has been particularly important given concerns that prior requirements could have been inappropriately influenced by vendor(s). The work of defining performance requirements is resulting in a better understanding of the City's fundamental and strategic IT objectives, as well as the specific needs of NCH. As a part of this analysis, the elements of the overall converged network which are essential for the opening of the new building in early summer 2005 are being identified and segregated from those elements that can be completed after the building is occupied. This approach will assist the City and its vendors to deliver the products best suited to the needs of the City and should avoid paying a premium for early delivery of equipment or systems which could be delivered following building occupancy without adverse effect on City programs or employees.

Over the past thirty days Gartner and the City's team have worked closely together to develop a strategy for ensuring a fair, equitable, requirements- driven procurement process. This strategy is the first of several major milestones that lead to the selection and contract award to a vendor or vendors that will install the Converged Network in New City Hall prior to the scheduled move in date.

## **ANALYSIS**

This section of the report provides a summary of the Converged Network Procurement Strategy. Attached is the complete document, which represents Gartner's first major deliverable. The strategy is made up of five primary areas:

- ❑ **Procurement Strategies Considered**— Describes the three key procurement process strategies that were considered. As a result, Gartner recommends a Bundled, Single Step process and further recommends that the City retain the right to conduct a "Best and Final Offer" (BAFO) process if it is deemed to be in the City's best interest. While the first two of these strategies are standard strategies that the City has regularly used, we have not used the BAFO process to any significant degree. Because use of such a procedure can open the process to criticism, the procedure will be carefully described in the RFP. These methods provide the City the best opportunity for completing the project on time, assigning the greatest possible level of accountability to the vendors, better alignment between technology, service levels and cost and ensuring the City is able to structure a contract that meets the City's needs. It should be noted that this approach is well suited to the complexity and urgency of the Converged Network procurement, but that these strategies may have limited applicability to other RFPs.
- ❑ **Recommended Scope of Procurement**— Describes the functional specifications required of the network including the Data Network, Network Security Architecture, Network Management Tools, Voice and Telecommunications Systems, and Storage and Server Consolidation. The scope reflects a critical review of functional and technical requirements from the original procurement, as well as phased implementation. The first phase includes all functional and technical capabilities required to meet the move-in schedule. The second phase includes the completion of necessary functional and technical requirements that can occur after move-in.
- ❑ **Procurement Methodology** – Identifies the key steps and workflow of the procurement process as well as the key criteria that will be used to fairly and uniformly evaluate vendor proposers. The procurement will follow a structured process that starts with the upcoming announcement of the Converged Network and Server/Storage RFPs, to advise the vendor community of the RFPs and schedule. The balance of the methodology involves finalizing the RFPs, release, structured evaluation, vendor interviews, reference checks and site visits, evaluation documentation, and contract negotiations, followed by a staff recommendation to Council and contract award.

- ❑ **Risk Management** —Identifies areas of project risk and the associated risk mitigation plans. Gartner has identified four primary areas of risk, including Project Management, Financial, Technology and Change Management. To help mitigate these risks, the strategy includes assignment of staff Project Management, requiring a significant “hold back” until final payment, requesting a one-year operational support agreement with the option to renew, and ensuring that there is a high level of end user involvement in system design and acceptance.
- ❑ **Contract Management Approach** — Identifies the key steps in the contract management process and the associated tools to manage and measure the contract. Included in these tools are the development of a detailed work breakdown structure, clearly defining project team roles and responsibilities, the development of a detailed project schedule with clearly defined deliverables and milestones, the development of quality assurance and risk management plans, and regularly scheduled quality assurance reviews.

These elements lay out a work plan that provides, based on Gartner’s experience and understanding of the work that must be completed prior to move-in to the New City Hall, the potential to maintain the previously reported City Hall move-in schedule. In order to achieve this extremely aggressive schedule, staff and Gartner are proceeding with work along the following key tentative dates:

- ❑ City Council Review of Procurement Strategy – November 16
- ❑ Notice To Vendors of Upcoming RFP – November 18
- ❑ City Council Review of RFP – November 30
- ❑ Release of RFP – December 1
- ❑ Pre-Proposal Conference – December 8
- ❑ RFP Addenda – December 10 (As Needed)
- ❑ Deadline for Objections To RFP Content or Process – December 15
- ❑ Proposals Due – January 7
- ❑ Release Vendor Recommendation – February 9
- ❑ Contract Negotiation/Appeals – February 9 – 23
- ❑ City Council Award – March 1
- ❑ Phase 1 Implementation – March 2 – June 15

### **COST EVALUATION**

Acceptance of this Strategy will ensure a highly competitive process that should result in the City receiving the highest possible value for its investment.

### **BUDGET REFERENCE**

Not applicable.

**PUBLIC OUTREACH**

Subject to City Council approval of the Procurement Strategy, a Notice to Vendors of the Upcoming RFP will be posted on the City's Bid Line and the DemandStar system to provide advance notice of the City's intention to release the RFP and its schedule.

**COORDINATION**

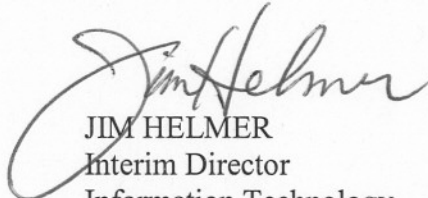
This memorandum has been coordinated with the City Attorney's Office. In addition, the Converged Network Validation Committee conducted a half-day discussion with Gartner and City staff on November 8. As a result of this session, the Validation Committee expressed support for the strategy, and acknowledged the high quality and aggressive work effort by the City/Gartner Team.

**CEQA**

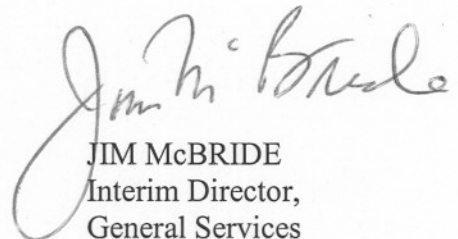
Not a project.



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